

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

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Governor

GARY R. HERBERT
Lieutenant Governor

November 22, 2005

George Young
Palladon Iron Corporation
554 South 300 East
Salt Lake City, Utah 84111-3509

Subject: Permit Amendment, Palladon Iron Corporation (PIC), Iron Mountain,
M/021/008, Iron County, Utah

Dear Mr. Young:

On November 21, 2005, PIC held a pre-design conference at the Utah Department of Environmental Quality. In this meeting Palladon presented plans for the re-start of the Iron Mountain Mine in Iron County, Utah.

During the meeting several operational changes were discussed which are not presently covered by the Iron Mountain permit application approved July 26, 1995. These items were the establishment of a dry stack tailings area and the demolition and replacement of buildings at the site. PIC needs to amend the current permit to include these changes prior to implementation. Also any additional departures from the approved permit that are planned or occur in the future will need to be submitted and approved by the Division before these changes take place.

PIC is reminded of the requirements for additional information in the approval letter for the Transfer of Notice of Intention. The conditions in the approval notice read as follows:

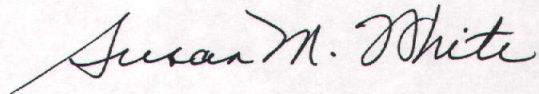
Please notify the Division prior to reactivation of your mining operations. Prior to reactivation the Division will require Palladon Iron Corporation to furnish accurate disturbed area maps, surface ownership maps, a map of areas impacted by mining activities not used since 1975, and possibly other information needed to evaluate the status of the land affected. Also, you must satisfy the BLM requirements.

George Young
Page 2 of 2
M/021/008
November 22, 2005

Failure to address these issues prior to mining may result in mining delays or enforcement action. Until all the items listed above are addressed, the Division cannot approve the resumption of processing or mining activities at the site.

If you have any questions concerning this letter, please contact me at (801) 538-5258.

Sincerely,

A handwritten signature in cursive script that reads "Susan M. White".

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:dj:jb
cc: Ed Ginouves, BLM, Cedar City FO
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